

1 October 1953

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT : Medical Benefits for Dependents of Employees and Additional
Medical Benefits for Employees.

1. PROBLEM:

a. Should any medical and hospitalization benefits be made available to the members of families of CIA employees?

b. Are additional medical and hospitalization benefits necessary for CIA employees who are temporarily assigned abroad?

c. Should the provisions of law relating to "assignment abroad" be broadened so that assignments to U. S. territories and possessions are covered by the additional medical and hospitalization benefits now available only to assignments in foreign countries?

2. FACTS BEARING ON THE PROBLEM:

a. Benefits available to employees.

(1) CIA employees wherever stationed are covered by the Federal Employees Compensation Act (FECA) with respect to medical care, hospitalization, disability, and death benefits resulting from injury or death incurred while in the performance of duty. This Act is the over-all Government statute covering all Government employees. In the event of injury in the performance of duty, full medical care and hospitalization are assured. In the event of permanent disability, an employee would receive two thirds of his basic pay. In the event of death, the widow with two children would receive seventy per cent of the employee's basic salary. The Act confers very liberal monetary benefits when measured against any other compensation plan. (Tab A)

(2) In the CIA Act of 1949 (Public Law 110) additional medical benefits are granted to employees permanently assigned abroad. The additional benefits consist of more liberal standards of eligibility for medical and hospitalization benefits. In effect, the law permits those benefits for any injury or illness which is not the result of misconduct or intemperance. In addition to the actual medical and hospitalization benefits, travel expenses are authorized to permit employees to be treated at the nearest locality where suitable hospitalization exists. (Tab B)

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(3) There are also in existence two programs for insuring against hospitalization and surgical expenses. These programs are the Group Hospitalization, Inc., (GHI) and the Government Employees Health Association (GEHA). GHI has a standard plan available to groups in the Washington area and overseas and is considered by many one of the better hospitalization plans. It provides both surgical and hospitalization benefits. GEHA is an older plan and is currently being supplemented by GHI in the CIA program. Benefits and costs are somewhat less than under GHI. Under both programs payments are not made if medical and hospitalization expenses are paid under FECA or PL 110. (Tab C)

(4) It is true that in certain areas abroad, informal arrangements can be made to take care of medical and hospitalization in various cases. For example, where CIA is operating a medical facility based on other considerations, treatments or hospitalization often can be granted on a basis of no direct cost to the Government. In addition, from time to time CIA has been able to arrange transportation for certain individuals on a space available basis from the military. In view of budget restrictions, nonreimbursable services available from other agencies will be increasingly difficult. In addition, utilization of the recently approved broad application of PL 110 will lessen the importance of these informal arrangements.

b. Benefits available to dependents.

(1) The GHI and GEHA programs mentioned above also include dependents.

(2) The informal arrangements discussed above for employees can be made in some cases for dependents. However, they are more important in the case of dependents since there is less that the Agency can do for dependents by virtue of existing laws. Therefore, any informal arrangements for hospitalization or transportation are extremely important in assisting what otherwise might be hardship cases.

c. The benefits of FECA are available no matter where the employee is assigned or physically located and without regard to permanent station assignment or temporary duty status. The benefits of PL 110, however, are available only to CIA employees permanently assigned abroad. Thus personnel on temporary duty abroad do not have the benefits of PL 110 available to them. Further, the present wording of the law denies PL 110 benefits to personnel assigned (whether permanent or temporary) to U.S. territories and possessions.

d. At the time CIA presented the then proposed PL 110, there had been included in it provision for medical benefits for dependents. The Bureau of the Budget took the position that CIA did not have any unusual grounds for requesting this legislation and, therefore, since no legislative precedent existed, they would not concur. On this basis, provision for dependents was deleted.

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e. Pertinent here is the proposed foundation which is being worked out actively by the I.G. and the Office of the General Counsel. It is the purpose of this foundation to make grants to worthy cases in which CIA employees are confronted with personal hardships which are not reimbursable under Agency regulations. It is contemplated that the foundation would make grants in warranted cases where the dependents of an employee have become ill causing extreme financial hardship. Therefore, if the foundation is established, it would assist to some degree in solving some of the problems arising out of illness or injuries of dependents abroad.

f. The various military services base their medical care of dependents on various statutes. Those statutes generally are permissive in nature rather than directive. However, through the years tradition and administrative practices developed so that it is regarded now as a privilege and a right to secure medical care for dependents. In the recent past there have been attempts in the Congress to cut down availability of such benefits.

g. No civilian agency of Government to this date has secured legislation permitting expenses of medical care and hospitalization of dependents to be assumed by the Government.

h. At the present time there are approximately employees abroad 25X9A2
25X9A2 with a total of dependents.

(1) Based on this figure the best estimate of annual costs for a program of making the proposed medical and hospitalization benefits (including transportation) available to dependents in foreign countries would be 25X1A

(2) The annual costs for making such benefits available to personnel on temporary duty abroad is estimated at \$4,000.

(3) Broadening the concept of "assigned abroad" to include U. S. territories and possessions in addition to foreign countries is estimated to cost annually:

(a) Employees (Permanent assignment)	\$ 9,000
(b) Dependents	\$16,000
(c) Employees (Temporary duty)	\$ 2,000

(4) Estimated costs for the entire proposed program total 25X1A

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3. DISCUSSION:

a. It can be argued that since CIA sends an employee abroad and pays for the transportation of his dependents, CIA should assume similar responsibilities for the dependents with respect to medical care and hospitalization as are assumed for the employee. In either case the hardship on the employee is just as real. On the other hand it can be argued that the matter of sending dependents abroad is a question of privilege with the Government agreeing to pay the expenses of transportation if the employee desires his dependents with him. Having exercised his choice then the risk of illness to dependents is assumed by the employee. From the standpoint of the Agency it can be further argued that the individual may be in no frame of mind to fulfill his duties if he is concerned with getting his wife or children to a suitable hospital for medical treatment.

b. A few examples of past cases will illustrate that this matter can be of a very serious nature. The facts are masked to avoid identification of individuals.

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(1) An individual was sent to [] and took his wife with him. 25X1A6A Since [] has a high incidence of Tuberculosis if the employee were to contract Tuberculosis the Government under FECA would return him to the United States and hospitalize him for an appropriate period of treatment. In addition they would pay disability compensation during the period of his disability. However, when the wife contracted Tuberculosis, CIA was not authorized either to pay for transportation or reimburse any of the expenses of medical care and hospitalization.

(2) An employee was sent to [] Accompanying him were his wife and three children. In the event the employee came down with polio, expenses of transportation, medical care, hospitalization, and disability benefits, if applicable, would be assumed by the Government under FECA. When one of the children came down with polio, it was necessary for the wife to accompany the child back to the United States for treatment probably for an extended period. Again CIA was not authorized to pay any of the transportation, medical, or hospitalization expenses. 25X1A6A

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(3) In [] an employee of CIA [] appeared to 25X1C4A have been plagued with a series of "near accidents." Finally the employee and his wife, while walking down the street, were struck down by a hit and run truck. An inference was drawn, because of his association with certain operations which somehow became known, that the accidents were directed at taking his life. Since the facts supported such an inference, CIA assumed full responsibility for medical and hospitalization expenses and, under FECA, disability payments would have been forthcoming, if applicable. On the other hand the wife with the same disability or injury and incurred as a result of being married to a CIA employee was not entitled to the medical benefits provided by either FECA or PL 110.

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c. The principal protection afforded for medical care of dependents is the GHI insurance coverage. However, the benefits available are considerably decreased where hospitalization occurs abroad. This is due to the fact that various hospitals under contract are not available and a dollar rate is then substituted for the actual hospitalization benefits. Consistent with the overall career concept developing within CIA, it would seem highly desirable where employees are subjected to hardships arising out of illness or injury occurring to their dependents, that some provision for relief be made. If it can be fairly stated that the hardship would not have arisen except for the fact that the individual was placed in a particular position by CIA, it is believed that equitable grounds are established for furnishing relief from the hardship. There should also be considered that from a practical standpoint, most wives are to some extent knowledgeable of their husbands' affiliations with the Agency. Inevitably they also learn names of other people and gain a glimmering of the type of activities. Under such situations CIA, for security reasons, might not wish those individuals to be treated abroad, particularly where anesthetics would be involved.

d. In examining the problem it would seem that the equities which create the desirability for this type of benefit for dependents arise only where the employees are assigned abroad. In connection with the extent of coverage the eligibility standards can be assimilated either to FECA or PL 110. It is believed that use of PL 110, "Standard of Eligibility," is not completely defensible since specific examples which might be cited would appear to lack complete justification. One such example could be hospital care for the wife of a CIA employee injured in a traffic accident [redacted]. On the other hand, equating the "Standard of Eligibility" to FECA would be far more defensible in that there would have to be established a causal relationship by the fact of the individual being in a particular location because of the head of the family's employment by CIA. In each of the cases indicated in paragraph "b" above, there is every likelihood that the proper causal relationship could be established. Fundamentally, in each case the individual was exposed to hazard by virtue of being a dependent of a CIA employee and being with him. Conditional hazard would not be present were the employee stationed in the United States. It would seem necessary and desirable to incorporate some type of limitation under present circumstances when an employee suffers a disability, illness, or injury, which may extend for some time. Payments are made by virtue of authority in PL 110 only until such time as the case can be processed to the BEC. Thereafter CIA does not reimburse the expenses involved. Since there would be no method of turning over similar cases where dependents are involved, some limitation must be established which would be susceptible to sample administration. This would act to avoid payments covering extended periods of illness or hospitalization. The question of who are members of the family and who are dependents could be guided by the regulations applicable to travel which designate the members of the family for whom CIA will assume travel expenses. These generally include wife, children, and dependent parents of the employee. (Tab D)

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e. Due to present statutory limitations, the inability of CIA to afford equal treatment to employees abroad based solely on assignment status (i.e., whether permanent or temporary duty) results in inequitable situations. Where two people in [] are afflicted with pneumonia (not traceable to performance of duty under FECA standards) it is strongly urged that a designation of type of duty status should not result in one receiving medical and hospitalization care from CIA and the other person being denied it. The justifications supporting such benefits for permanently assigned personnel are substantially applicable to persons on temporary duty. The key here is that both types of persons are performing official duties at the particular geographical location pursuant to official orders.

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f. The present statutory meaning of "abroad" excludes such locations as []. The justification for additional benefits while abroad was based on lower standards of sanitation, medical practice, and hospital facilities and in some locations the complete inaccessibility of medical and hospital facilities. That justification validly applies to the above-cited locations. For security reasons the specific locations cannot be specified in legislation and the simplest solution is to have the term "abroad" extended to include U. S. territories and possessions. (See Annex I, Tab A)

g. In view of the previous experience by CIA on attempting to secure legislation, careful consideration must be given to the appropriateness of again seeking legislation. There have been no dissentors within the Agency to the view that this type of legislation for dependents is desirable. Balanced against the unanimous view is the fact that this could well be one of the more controversial items to present to the Congress. Clearly we would have to demonstrate why CIA employees and their dependents are in such a different position than normal civilian employees to warrant this additional benefit. It is believed that a reasonably strong justification can be presented to the Congress, but it is difficult to judge at this moment the seriousness of the opposition that may arise in both the Bureau of the Budget and in the Congress. In any event it would seem highly desirable that if CIA were presenting a package career service act that the justification could be presented in a much stronger light than if it were presented as a single item.

4. CONCLUSIONS:

a. Medical and hospitalization benefits for members of families of CIA employees are desirable and will do much to foster the CIA Career Program and alleviate many hardship problems which are inevitably of great concern to CIA.

b. Medical care and hospitalization benefits include transportation to hospital facilities and should be made available to members of the immediate families of CIA employees. Those benefits should be available where the employee has permanent assignment abroad and has his dependents with him. The eligibility for such benefits should depend on a prior determination of causal

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relationship based on exposure to additional hazard in a manner similar to the standard utilized by the Bureau of Employees Compensation. Such benefits would be available only for the period the dependent is abroad or until the employee's current tour of duty is terminated, whichever occurs earlier.

c. The benefits available to employees under PL 110, Section 5(a)(5) who are permanently assigned abroad should be made available to CIA employees who are temporarily abroad on official Agency business.

d. The medical and hospitalization benefits of PL 110, Section 5(a)(5) should be made available to CIA employees performing duty in the territories and possessions of the United States.

e. Legislation is required to effect the above conclusions.

5. ACTION RECOMMENDED:

a. That CIA Career Service Board approve the above conclusions and secure DCI approval.

b. That the Office of the General Counsel be requested to prepare appropriate legislation.

c. That the Office of the Assistant Director (Personnel) be requested to prepare appropriate justifications and supporting data.

d. That the Deputy Director (Administration) be requested to assume over-all responsibility for action.

e. That there be continuing reports to the Career Service Board on the reaction to proposed legislation coming from the Bureau of the Budget, the Congress, or other governmental offices.

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